

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 NEA-10 L-03 H-01 IO-13 PA-01
SP-02 ICA-11 AID-05 EB-08 NSC-05 SS-15 STR-07
OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-10
NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 HA-05 /122 W
-----070644 100725Z /21

P 100658Z JUL 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 8181
INFO AMEMBASSY JAKARTA

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USADB

FOR NAC AGENCIES

EO 11652:NA
TAGS: EAID, EFIN, SHUM, ID
SUBJECT: INDONESIA: DOMESTIC AIRPORTS (TA LOAN)

IN ORDER TO PROVIDE WASHINGTON WITH AS MUCH TIME AS POSSIBLE TO CONSIDER HUMAN RIGHTS ASPECTS OF ADB PROJECTS, WE ARE SUBMITTING INFORMATION ON A PROPOSED TECHNICAL ASSISTANCE (TA) LOAN FOR A DOMESTIC AIRPORTS PROJECT IN INDONESIA, WHICH IS TENTATIVELY SCHEDULED FOR CONSIDERATION OF BOARD OF DIRECTORS IN AUGUST:

1. PROJECT INVOLVES SEVEN DOMESTIC AIRPORTS LOCATED IN (A) MEDAN AND PALEMBANG, SUMATRA; (B) SEMARANG, JAVA; (C) PONTIANAK AND BALIKPAPAN, KALIMANTAN; AND (D) SORONG AND JAYAPURA, IRIAN JAYA.

2. THE TECHNICAL ASSISTANCE IS FOR PROJECT PREPARATION AND THE PRINCIPAL OBJECTIVES ARE (A) TO CARRY OUT A
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FEASIBILITY STUDY FOR THE IMPROVEMENT OF THE SEVEN DOMESTIC AIRPORTS; (B) DETAILED MASTER PLANNING AND ENGINEERING DESIGNS FOR THOSE AIRPORTS IDENTIFIED UNDER THE STUDY AS WARRANTING EARLY UPGRADING; AND (C) REVIEWS OF THE INSTITUTIONAL AND FINANCIAL MANAGEMENT SYSTEMS OF THE DIRECTORATE GENERAL OF AIR COMMUNICATIONS, AND OF THE AIRCRAFT FLEETS AND ROUTE STRUCTURES OF THE PRINCIPAL

DOMESTIC AIRLINES; RECOMMENDATIONS FOR APPROPRIATE CHANGES WILL BE FORMULATED. THE PROJECT WILL BE UNDERTAKEN ENTIRELY IN INDONESIA BY FOREIGN CONSULTANTS WORKING IN ASSOCIATION WITH LOCAL PROFESSIONAL AND SUPPORTING TECHNICAL STAFF. THE ESTIMATED PROJECT COST IS US DOLS 2.29 MILLION WITH A FOREIGN CURRENCY COMPONENT OF US DOLS 1.45 MILLION AND IS EXPECTED TO TAKE 20 MONTHS TO COMPLETE.

3. THE SEVEN CONCERNED AIRPORTS ARE LOCATED IN FOUR REGIONS OF THE COUNTRY AND CATER TO DOMESTIC INTER-ISLAND AND INTER-CITY AIR SERVICES, LIGHT AIRCRAFT FLIGHTS TO REMOTE AREAS AND A LIMITED AMOUNT OF REGIONAL INTERNATIONAL TRAFFIC. THE IMPROVEMENT OF THE AIRPORTS TO ALLOW THEM TO HANDLE THE FORECAST INCREASED TRAFFIC IS PART OF THE GOVERNMENT'S PLAN FOR THE UPGRADING OF THE DOMESTIC AVIATION SYSTEM.

4. AT THE REGIONAL LEVEL, THE IMPROVEMENT OF THE AIRPORTS WILL ENSURE THAT THE FORECAST INCREASED VOLUME OF AIRCRAFT ACTIVITY CAN BE SAFELY AND EFFICIENTLY HANDLED; IMPROVED TRANSPORT SERVICES WILL THUS BE PROVIDED FOR AN ESTIMATED POPULATION OF 30 MILLION PEOPLE WITHIN THE INFLUENCE AREA OF THE PROJECT AIRPORTS. THE MOVEMENT OF HIGH-VALUE AND PERISHABLE CARGO WILL ALSO BE FACILITATED.

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5. AT THE NATIONAL LEVEL THE PRINCIPAL BENEFICIARIES WILL BE THE DOMESTIC AIRLINES, AS THE OPERATING COSTS OF THEIR AIRCRAFT FLEETS WILL BE REDUCED AS A RESULT OF THE REDUCTION IN "HOLDING" TIMES OVER AIRPORTS AND DELAYS NOW EXPERIENCED IN TAXIING AND WAITING TO TAKE OFF. SIGNIFICANT SAVINGS WILL RESULT FROM REDUCED FUEL CONSUMPTION. THE IMPROVED FACILITIES AND SERVICES ARE ALSO EXPECTED TO ENCOURAGE INCREASED TOURISM TO THE MORE REMOTE AREAS. THE ENSUING CONSTRUCTION PROJECT WILL GENERATE EMPLOYMENT FOR PROFESSIONAL, SKILLED AND UNSKILLED LOCAL PEOPLE. IN GENERAL, THE PRINCIPAL BENEFICIARIES WOULD BE THE AIR TRAVELLERS WHO, IN INDONESIA, ARE PREDOMINANTLY GOVERNMENT OFFICIALS, BUSINESS AND TRADES PEOPLE, AND TOURISTS.

6. BENEFITS WHICH WILL ACCRUE, BUT WHICH ARE LESS AMENABLE TO QUANTIFICATION, INCLUDE PASSENGER TIME SAVINGS, INCREASED SAFETY AND REGULARITY OF AIR SERVICES, HIGHER LEVELS OF COMFORT AND CONVENIENCE FOR PASSENGERS, AND IMPROVED ACCESS TO THE MORE REMOTE AREAS, ASSISTING THE GOVERNMENT'S AIM TO ENCOURAGE REGIONAL DEVELOPMENT.

7. A FULLER IDENTIFICATION OF THE BENEFITS WOULD BE
UNDERTAKEN AT THE APPRAISAL STAGE OF THE EMERGING CON-
STRUCTION PROJECT. EDMOND

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: HUMAN RIGHTS, AIRPORTS, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANILA11486
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780281-1039
Format: TEL
From: MANILA USADB
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780779/aaaacoyp.tel
Line Count: 120
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 35796078-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2067346
Secure: OPEN
Status: NATIVE
Subject: INDONESIA: DOMESTIC AIRPORTS (TA LOAN) IN ORDER TO PROVIDE WASHINGTON WITH AS MUCH TIME AS POSSIBLE TO CONSIDER HUMAN RIGHTS ASPECTS OF ADB PROJ
TAGS: EAID, EFIN, SHUM, ID
To: STATE
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/35796078-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014